

Article - Education

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§5–602.

(a) In this subtitle, “construction or improvement” means the planning, design, engineering, alteration, construction, reconstruction, enlargement, expansion, extension, improvement, replacement, rehabilitation, renovation, upgrading, repair, or capital equipping.

(b) A county may issue bonds to finance any or all of the costs of construction or improvement of public schools in the county provided that the construction and improvement contracts and subcontracts comply with the requirements of Title 17, Subtitle 2 and Title 14 of the State Finance and Procurement Article if the requirements would otherwise be applicable.

(c) (1) Bonds shall be authorized by a resolution of the governing body of the county.

(2) The resolution shall:

(i) Generally describe the public school construction or improvements to be financed through the sale of the bonds;

(ii) State the maximum principal amount of the bonds;

(iii) Describe the sources of repayment of the bonds;

(iv) State the maximum term of the bonds, which may not exceed 30 years; and

(v) Describe any terms or conditions under which the bonds may be redeemed before maturity.

(d) The bonds shall:

(1) Be dated and bear interest at a rate specified in the resolution;

(2) Mature within 30 years of the date of issuance of the bonds;

(3) Be issued at, above, or below par value, for cash or other consideration;

(4) Be payable at a time, in the denomination, in registered form, within the meaning of § 19–204 of the Local Government Article, as specified in the resolution;

(5) Carry the registration and privileges as to conversion and for the replacement of mutilated, lost, or destroyed bonds, as specified in the resolution;

(6) Be payable in lawful money of the United States of America at a designated place;

(7) Be subject to the terms and conditions specified in the resolution;
and

(8) Be sold in the manner, including private or negotiated sale, and upon the terms, specified in the resolution.

(e) The county may enter into agreements with agents, banks, fiduciaries, insurers, or others to:

(1) Enhance the marketability of and security for the bonds; or

(2) Secure any tender option granted to the holders of the bonds.

(f) If any officer whose signature appears on a bond ceases to be an officer before delivery of the bonds, the signature is valid and sufficient for all purposes.

(g) The bonds, their issue, and their sale may be exempt from the provisions of §§ 19–205 and 19–206 of the Local Government Article.

(h) (1) Except as provided in paragraph (2) of this subsection, the net proceeds of the sale of the bonds may only be applied to the construction or improvement of public school facilities, as described in the resolution authorizing the issuance of the bonds.

(2) If the net proceeds of the sale of any bonds exceeds the amount needed for the construction or improvement of the public school facilities, as described in the resolution, the excess funds shall be applied to:

(i) The payment of interest on the bonds;

(ii) The payment of the next principal maturity of the bonds;

(iii) The redemption of any part of the bonds that are redeemable before maturity; or

(iv) If authorized by a resolution issued by the governing body of the county, the construction or improvement of other public school facilities.

(i) Bonds issued under this subtitle are negotiable instruments under the laws of this State.

(j) Before the preparation of bonds, the county may issue bond anticipation notes in accordance with Title 19, Subtitle 2, Part III of the Local Government Article.

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